

**DEPARTMENT OF CONSERVATION  
AND RECREATION  
VIRGINIA LAND CONSERVATION FOUNDATION  
CHIPPOKES PLANTATION FARM FOUNDATION**

**FOR THE YEARS ENDED  
JUNE 30, 2008 AND JUNE 30, 2009**



## **AUDIT SUMMARY**

Our audit of the Department of Conservation and Recreation, including the Chippokes Plantation Farm Foundation, for the fiscal years ending June 30, 2008 and June 30, 2009 found:

- proper recording and reporting of all transactions, in all material respects, in the Commonwealth Accounting and Reporting System;
- one matter involving internal control and its operations necessary to bring to management's attention; and
- two instances of noncompliance with applicable laws and regulations or other matters that are required to be reported.

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## AUDIT FINDINGS AND RECOMMENDATIONS

### Continue to Improve Information Technology Security Programs

The Department of Conservation and Recreation (Conservation and Recreation) does not have a complete Information Technology (IT) Security Program that meets the minimum requirements outlined in the Commonwealth's Information Technology Security Standard. While Conservation and Recreation maintains some level of security over IT systems and data, and has improved many aspects of their IT Security Program that were cited as deficient in the Review of Information Security in the Commonwealth performed in the fall of 2006, Conservation and Recreation has not developed all of the policies and procedures needed to complete their IT Security Program.

In the prior audit report, we included a risk alert related to Information Systems Security covering a wide area of issues. We note the progress that Conservation and Recreation has made towards compliance with the IT Security Standard, including the following steps to improve the IT environment:

- Hiring an Information Technology Manager who serves as the independent Information Systems Officer (ISO), performs application support responsibilities, and is responsible for information technology administrative duties.
- Developing and implementing a training plan.
- Updating the Crisis Management Team, documented in the Continuity of Operations Plan, to show current employees and their contact information.

However, Conservation and Recreation's IT program is still inadequate in several critical areas, including but not limited to their business impact analysis and risk analysis. Conservation and Recreation should continue to place emphasis on finalizing their IT security program by developing, updating, and implementing plans, processes, and procedures across the Department that ensure compliance with the established policy framework.

### Properly Complete Employment Eligibility Verification Forms

Conservation and Recreation staff is not properly completing Employment Eligibility Verification forms (I-9) in accordance with guidance issued by the U.S. Citizenship and Immigration Services of the U.S. Department of Homeland Security in its Handbook for Employers. This guidance states the employer is responsible for ensuring that the employee timely and properly completes Section 1. In addition, the employer must document the issuing authority and document number for any document examined to establish work eligibility or identity. Additionally, the employers must review only approved documentation.

In our sample of twenty I-9 forms completed in fiscal years 2008 and 2009, we observed the following types and rates of error on the forms tested:

- Five employees (25 percent) failed to sign the form on the first date of employment
- Five employee forms (25 percent) did not have the supervisor's signature affixed within the employee's first three business days of employment or did not include the employee's hire date

Based upon the number and nature of errors, we consider this finding to be a significant instance of non-compliance. Although Conservation and Recreation's I-9 completion is incompliant

with federal regulations, Conservation and Recreation has made improvements since the prior report finding. We noted the following improvements:

- A new policy has been initiated which limits I-9 completion to two employees at individual state parks,
- An I-9 Completion Training program has been developed and presented to applicable staff,
- All completed I-9 forms must be submitted to the Human Resources Division in the Richmond central office for review, and
- 100 percent of the documentation received for identification in section two was adequate.

We recommend that Conservation and Recreation's Human Resources Division continue to deliver training to employees assigned to complete the I-9 form, focusing on proper and timely completion of the forms. The federal government is increasing its enforcement efforts related to the proper completion of I-9 forms. This increased enforcement makes it critical for Conservation and Recreation to have a reliable process in place to complete I-9 forms.

## AGENCY HIGHLIGHTS

The Department of Conservation and Recreation's mission statement includes the following statement, "...works with Virginians to conserve, protect, and enhance their lands and improve the quality of the Chesapeake Bay and our rivers and streams, promotes the stewardship and enjoyment of natural, cultural and outdoor recreational resources, and ensures the safety of Virginia's dams." Conservation and Recreation works towards its mission through the administration of the state park system and other conservation programs. The program areas include: State Parks, Natural Heritage, Soil and Water Conservation, Planning and Recreation Resources, Chesapeake Bay Local Assistance, Land Conservation, and Dam Safety and Floodplain Management, and can be summarized as follows.

- The state park system includes 35 state parks with most offering outdoor recreational activities including camping, hunting, hiking, horseback riding, boating, fishing, and swimming, and cabin rentals. Some parks also offer visitor centers, museums, exhibits, conference facilities, and environmental education centers.
- The Division of Natural Heritage supports a comprehensive effort to inventory and preserve the animal, plant, and natural community resources of the Commonwealth and maintains 59 dedicated natural areas totaling 49,531 acres.
- The Division of Soil and Water Conservation coordinates and directs programs and services to prevent degradation of the Commonwealth's water quality and quantity. Most of the soil and water conservation efforts focus on controlling and reducing non-point source pollution through nutrient management and storm water, erosion, and sediment control programs. Non-point source pollution does not come from a single source, or point, rather it occurs mainly through agricultural and urban runoff.
- The Division of Planning and Recreation Resources helps local parks and recreation departments through funding, expertise, and training. Through this partnership, local parks and recreation departments have purchased more than 50,000 acres for parks and recreation in more than 400 parks around the state.
- The Division of Chesapeake Bay Local Assistance addresses the impact of land use upon the waters that feed the Chesapeake Bay.
- The unit overseeing Land Conservation helps citizens and organizations protect land by providing interested landowners information to understand the different options available for protecting their land. Additionally, the Division provides technical assistance, workshops, and informational services to other state agencies, local governments, land trusts, and professionals.
- The Division of Dam Safety and Floodplain Management works to provide for safe design, construction, operation, and maintenance of dams to protect public safety. The Division also addresses floodplain management, flood insurance opportunities, and building requirements in floodplains. The Dam Safety, Flood Prevention and Protection Assistance Fund was recently authorized to provide funding for qualified dam rehabilitation, dam break inundation zone mapping and floodplain projects proposed by local governments and private entities.

### *Operating Information*

Conservation and Recreation has a variety of funding sources including General Fund appropriations, various special revenues, and federal grants and contracts. Special revenue collections include fees and

rentals at state parks. The tables below provide information about Conservation and Recreation's operating budget and expenses for fiscal years 2008 and 2009.

Analysis of Operating Budget and Actual Expenses by Program

Fiscal Year 2009

<u>Program</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenses</u>
Land and resource management	\$ 64,108,355	\$ 66,203,624	\$44,918,604
Leisure and recreation services	48,962,884	52,935,524	42,632,261
Administrative and support services	7,287,991	7,856,799	6,575,705
Total	<u>\$120,359,230</u>	<u>\$126,995,947</u>	<u>\$94,126,570</u>

Fiscal Year 2008

<u>Program</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Expenses</u>
Land and resource management	\$29,503,223	\$ 56,540,624	\$ 43,622,820
Leisure and recreation services	41,743,216	55,226,653	49,068,075
Administrative and support services	5,442,135	8,569,919	7,604,539
Total	<u>\$76,688,574</u>	<u>\$120,337,196</u>	<u>\$100,295,434</u>

There was a significant increase in the original budget approved by the General Assembly between 2008 and 2009, the majority of which occurred in the Land Resource Management program. The increase in the original 2009 budget included an additional \$20 million (\$6 million general fund and \$14 million non-general fund) to match grants for controlling nonpoint pollution that occurs because of agricultural activities and development. There were additional general funds to finance dam repairs and safety improvements, and to increase operating support to the Virginia Outdoors Foundation for technology upgrades and to meet monitoring and enforcement requirements. The 2009 original budget also included a technical adjustment of \$22.5 million in non-general funds to better reflect projected revenue and to provide spending authority for existing fund balances.

Conservation and Recreation's expenses for both years were less than final budgeted amounts. This resulted from several different programs funded with non-general funds, which incur their expenses sporadically, since they involve capital cost and other larger costs. Therefore, Conservation and Recreation must maintain a sufficient level of funding to ensure that funds are available as expenses become due. The funds include the Water Quality Improvement Fund, the Virginia Natural Resources Committee Fund, the Virginia Land Conservation Foundation, and several federal grants, which require certain deliverables to occur and may have large unspent balances from year to year.

As already discussed above, Conservation and Recreation funds operations from multiple funding sources. The following table shows operating expenses broken down by expense type and funding source for both fiscal years.

### Analysis of Actual Expenses by Funding Source

<u>Fiscal Year Ended June 30, 2009</u>					
<u>Expense</u>	<u>General</u>	<u>Special</u>	<u>Dedicated</u>	<u>Federal</u>	<u>Total</u>
Personal Services	\$26,519,488	\$ 7,567,610	\$ 1,448,754	\$ 2,951,102	\$38,486,954
Transfer Payments	9,030,496	939,877	21,958,112	6,172,791	38,101,276
Contractual Services	3,022,350	2,625,599	807,414	171,372	6,626,735
Continuous Charges	1,748,440	2,396,278	219,951	562,281	4,926,950
Equipment	531,036	553,762	4,518	24,108	1,113,424
Supplies and Materials	1,157,402	2,998,774	1,267	45,078	4,202,521
Property and Improvements	143,850	21,949	-	152,331	318,130
Plant and Improvements	(16,714)	431,111	-	(63,817)	350,580
Total	<u>\$42,136,348</u>	<u>\$17,534,960</u>	<u>\$24,440,016</u>	<u>\$10,015,246</u>	<u>\$94,126,570</u>

<u>Fiscal Year Ended June 30, 2008</u>					
<u>Expense</u>	<u>General</u>	<u>Special</u>	<u>Dedicated</u>	<u>Federal</u>	<u>Total</u>
Personal Services	\$26,763,205	\$ 7,897,018	\$ 1,058,452	\$2,903,933	\$ 38,622,608
Transfer Payments	9,333,304	1,156,568	23,384,642	4,251,809	38,126,323
Contractual Services	4,444,558	3,319,448	1,321,945	417,676	9,503,627
Continuous Charges	2,323,331	1,805,558	152,672	781,905	5,063,466
Equipment	1,439,701	1,128,977	1,784	136,578	2,707,040
Supplies and Materials	1,326,906	3,814,683	1,147	44,353	5,187,089
Property and Improvements	190,379	-	-	70,608	560,311
Plant and Improvements	142,609	182,277	-	200,084	524,970
Total	<u>\$45,963,993</u>	<u>\$19,603,853</u>	<u>\$ 25,920,642</u>	<u>\$8,806,946</u>	<u>\$100,295,434</u>

Personal services and transfer payments are Conservation and Recreation's most significant expense areas. Conservation and Recreation records payments to localities and local soil and water districts from various special funds including the Water Quality Improvement Fund, the Virginia Natural Resources Commitment Fund, and the Virginia Land Conservation Fund as transfer payments. A more detailed discussion of these programs follows.

#### *Water Quality Improvement Fund*

The "Virginia Water Quality Improvement Fund" is a permanent non-reverting fund created to provide water quality improvement grants for point and non-point source pollution prevention. The Virginia Water Quality Improvement Fund receives a General Fund appropriation based on Section 10.1-2128 of the Code of Virginia. This section requires that ten percent of the annual statewide general fund revenue collections which exceed the official estimates in the General Appropriation Act, as well as ten percent of any unreserved statewide general fund balance at the close of each fiscal year not mandated for re-appropriation, go into the fund.

Conservation and Recreation provides financial and technical assistance to local governments, soil and water conservation districts, state agencies, institutions of higher education, and individuals. The Code of Virginia requires Conservation and Recreation to allocate no more than 60 percent of its Water Quality Improvement Funds to programs in the Chesapeake Bay watershed.



The table below shows the activity within the fund attributable to Conservation and Recreation over the past three fiscal years. The General Assembly's appropriation of additional general funds for transfer into the Water Quality Improvement Fund varies. This resulted in the consecutive declining ending cash balance from fiscal year 2007 to 2009. Conservation and Recreation closely monitors and manages the number and value of grants they award each year to ensure funds are available in future years. Most of the funds expended are grant awards to the 47 Soil and Water Conservation Districts for implementation of agricultural best management practices that reduce nonpoint pollution.

Analysis of Water Quality Improvement Fund  
Fiscal Years Ending June 30,

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Beginning cash balance	\$35,917,020	\$52,712,111	\$60,978,881
Deposits	1,169,464	1,362,277	6,258,602
Expenses	<u>(6,440,921)</u>	<u>(18,157,368)</u>	<u>(14,525,372)</u>
Ending cash balance	<u>\$30,645,563</u>	<u>\$35,917,020</u>	<u>\$52,712,111</u>

*Virginia Natural Resources Commitment Fund*

The 2008 General Assembly established the "Virginia Natural Resources Commitment Fund" (VNRCF) as a sub-fund of the Virginia Water Quality Improvement Fund. Beginning July 1, 2008, and for the next 10 years, Conservation and Recreation's Agricultural Best Management Practices Cost-Share Program will receive these moneys for the implementation of agricultural best management practices (BMP).

Eight percent of the total amount distributed to the Virginia Agricultural Best Management Practices Cost-Share Program are distributed to local soil and water conservation districts, to provide technical assistance for the implementation of such agricultural best management practices. Fifty-five percent of the total will serve as matching grants for agricultural best management exclusively or partly within the Chesapeake Bay watershed. The remaining thirty-seven percent will serve as matching grants for agricultural best management practices on farmland exclusively outside of the Chesapeake Bay watershed. Similar to the Water Quality Improvement Fund, expenses from this fund occur in large blocks sporadically. Conservation and Recreation has committed fund balances to these projects; however, it does not receive not all deliverables within a year for certain projects.

Virginia Natural Resources Commitment Fund

	<u>Fiscal Year Ending June 30, 2009</u>
Beginning cash balance	\$ -
Deposits	20,333,474
Expenses	<u>(14,793,463)</u>
Ending cash balance	<u>\$ 5,540,011</u>

*Virginia Land Conservation Fund*

The Virginia Land Conservation Fund is a special permanent fund established to account for the resources of the Virginia Land Conservation Foundation (Foundation). The Foundation receives General Fund appropriations and has interest earnings. Conservation and Recreation includes the Foundation's budgetary and financial activities in the Leisure and Recreation Services program.

The Foundation awards grants to state agencies, localities, public bodies, and tax-exempt nonprofit organizations to protect natural areas, open spaces and parks, farmlands and forest, and historic areas. The Foundation also provides support to the Virginia Outdoors Foundation, a state entity that conserves land by holding conservation easements. Although Conservation and Recreation provides the staffing and administrative support, including scoring grant applications for the Foundation, the Foundation retains overall responsibility for managing the resources of the Fund and awarding grants.

The increases in the final budget over the original budget for both years resulted from the carry forward of the prior year's unspent appropriations and receipt of the current year General Fund appropriations. The General Assembly appropriated general funds of \$2.0 million and \$3.0 million in fiscal years 2009 and 2008, respectively.

In fiscal year 2009, the Foundation expended \$1.3 million in grant awards and provided \$599,000 in support for the Virginia Outdoors Foundation. In fiscal year 2008, the Foundation's major expenses included \$4.9 million in grants awards and \$1.1 million in support to the Virginia Outdoors Foundation. Operational expenses comprised the remaining expenses in both years, a majority of which was for personnel costs.

#### Analysis of Virginia Land Conservation Fund

Fiscal Year Ending June 30,

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Beginning cash balance	\$7,698,775	\$10,452,472	\$12,728,377
Deposits	2,144,666	3,745,101	4,213,405
Expenses	<u>(2,091,546)</u>	<u>(6,498,798)</u>	<u>(6,489,310)</u>
Ending cash balance	<u>\$7,751,895</u>	<u>\$ 7,698,775</u>	<u>\$10,452,472</u>

#### *Capital Projects*

In November 2002, voters approved the "Commonwealth of Virginia Parks and Natural Areas Bond Act of 2002." This act authorized the Commonwealth to sell bonds in an amount not to exceed \$119,040,000 and as of this report; the Commonwealth has issued \$116,269,642. The bond proceeds are funding the following major items.

Acquisition of land – natural area preserves and parks	\$ 36,500,000
Facility repairs	19,000,000
New construction	<u>63,540,000</u>
Bond Act 2002	<u>\$119,040,000</u>

The following table shows the activity related to these bond projects as of June 30, 2009:

Total bond appropriations	\$119,040,000
Total bond expenditures	<u>(86,879,219)</u>
Total bond appropriations available	32,160,781
Total obligations	<u>(11,942,359)</u>
Total unexpended balance	<u>\$ 20,218,422</u>

Conservation and Recreation has approximately \$12 million obligated for construction contracts on projects that are in progress. Additionally, Conservation and Recreation has approximately \$20 million of unobligated funds to complete un-contracted projects listed in the Commonwealth of Virginia Parks and Natural Areas Bond Act of 2002. Of the 72 projects authorized under the Bond Act of 2002, 44 projects are complete and 28 projects are in progress. Conservation and Recreation uses funds from other sources to supplement revenue from the Bond Act of 2002 for the completion of these projects. These projects include

acquisition of land for natural areas and state parks, trail improvements, campground and cabin construction, renovation of visitor centers, and infrastructure improvements at state parks. The following table summarizes the expenses under the Commonwealth of Virginia Parks and Natural Areas Bond Act of 2002:

<u>Funding Source</u>	<u>Project Budget</u>	<u>Expenses Life-to-Date</u>	<u>Obligations</u>	<u>Unexpended Balance</u>
Commonwealth of Virginia Parks & Natural Areas Bond Act of 2002	\$119,040,000	\$ 86,879,219	\$11,942,359	\$20,218,422
General Fund	11,780,000	9,404,999	-	2,375,001
Special Revenue Fund	7,991,562	2,728,445	467,508	4,795,609
Virginia Public Building Authority	6,058,118	967,355	1,921,731	3,169,031
Federal Fund	15,817,321	9,741,477	-	6,075,844
Totals	<u>\$160,687,001</u>	<u>\$109,721,495</u>	<u>\$14,331,598</u>	<u>\$36,902,097</u>

Conservation and Recreation spent \$18.6 million and \$21.6 million in fiscal years 2009 and 2008 respectively on projects authorized in the Bond Act of 2002. The majority of these funds came from the Bond Act of 2002, consisting of \$16.6 million in 2009 and \$19.4 million in 2008. Approximately \$2 million of supplemental funding in both 2009 and 2008 came from other sources such as special revenue funds and federal funds.

In addition to the \$18.6 million and \$21.6 million of expenditures in fiscal years 2009 and 2008 for projects authorized in the Bond Act of 2002, Conservation and Recreation spent \$4.4 million in 2009 and \$1.3 million in 2008 on other capital projects. This includes \$3 million for construction projects at High Bridge State Park, \$1.1 million for land acquisitions, \$0.9 million for previously authorized capital projects, \$0.4 million for repair of various state park and soil and water conservation district dams, \$0.2 million for improvements on the Westmoreland state park meeting facility, and \$0.1 million for various smaller state park projects.

#### Chippokes Plantation Farm Foundation (Foundation)

The Foundation plans, manages, and provides financial and material resources and technical assistance for the development, maintenance, and operation of the Chippokes Farm and Forestry Museum and Chippokes Plantation State Park located in Surry County. Approximately 60 percent of the Foundation's original appropriated funding through the general fund with the remaining non-general funding coming from farmland rent payments, donations, admissions, gift shop sales and reappropriation of cash balances in the dedicated special revenue fund.

The Foundation is an independent state agency and is not included in the Conservation and Recreation financial information presented above. The Foundation spent \$233,480 during fiscal year 2009 and \$233,812 during fiscal year 2008. At fiscal year end 2009, cash balances totaled \$334,420. This balance reflects a decrease of \$122,129 over the two-year period since fiscal year 2007 due to an increase of spending on improvements to the Museum within the dedicated special revenue fund. Conservation and Recreation staff processes the Foundation's accounting transactions, of which, about 45 percent are personnel expenses.



# Commonwealth of Virginia

**Walter J. Kucharski, Auditor**

**Auditor of Public Accounts  
P.O. Box 1295  
Richmond, Virginia 23218**

June 14, 2010

The Honorable Robert F. McDonnell  
Governor of Virginia

The Honorable Charles J. Colgan  
Chairman, Joint Legislative Audit  
and Review Commission

We have audited the financial records and operations of the **Department of Conservation and Recreation, including the Virginia Land Conservation Foundation, and the Chippokes Plantation Farm Foundation** for the years ended June 30, 2008 and June 30, 2009. We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Audit Objectives

Our audit's primary objectives were to evaluate the accuracy of recorded financial transactions in the Commonwealth Accounting and Reporting System, review the adequacy of the Department of Conservation and Recreation's internal controls, test compliance with applicable laws and regulations, and review corrective actions of audit findings from prior year reports.

## Audit Scope and Methodology

The Department of Conservation and Recreation's management has responsibility for establishing and maintaining internal control and complying with applicable laws and regulations. Internal control is a process designed to provide reasonable, but not absolute, assurance regarding the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.

We gained an understanding of the overall internal controls, both automated and manual, sufficient to plan the audit. We considered significance and risk in determining the nature and extent of our audit procedures. Our review encompassed controls over the following significant cycles, classes of transactions, and account balances.

Payroll expenses  
Small purchase charge card  
Financial assistance and grant payments  
Appropriations

Capital outlay  
Information security  
State parks revenue  
Performance measures

We performed audit tests to determine whether the Department of Conservation and Recreation's controls were adequate, had been placed in operation, and were being followed. Our audit also included tests of compliance with provisions of applicable laws and regulations. Our audit procedures included inquiries of appropriate personnel, inspection of documents, records, and contracts, and observation of the Department of Conservation and Recreation's operations. We tested transactions and performed analytical procedures, including budgetary and trend analyses.

### Conclusions

We found that the Department of Conservation and Recreation properly stated, in all material respects, the amounts recorded and reported in the Commonwealth Accounting and Reporting System. The Department of Conservation and Recreation records its financial transactions on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The financial information presented in this report came directly from the Commonwealth Accounting and Reporting System.

We noted certain matters involving internal control and its operation and compliance with applicable laws and regulations that require management's attention and corrective action. These matters are described in the section entitled "Audit Findings and Recommendations."

The Department of Conservation and Recreation has not taken adequate corrective action with respect to all audit findings reported in the prior report. Portions of the matters entitled "Complete Information Technology Security Program" and "Properly Complete Employment Eligibility Verification Forms" are repeated in the section entitled "Audit Findings and Recommendations."

### Exit Conference and Report Distribution

We discussed this report with management on July 14, 2010. Management's response to the findings identified in our audit is included in the section titled "Agency Response." We did not audit management's response and, accordingly we express no opinion on it.

This report is intended for the information and use of the Governor and General Assembly, management, and the citizens of the Commonwealth of Virginia and is a public record.

AUDITOR OF PUBLIC ACCOUNTS

SH/alh



**COMMONWEALTH of VIRGINIA**  
**DEPARTMENT OF CONSERVATION AND RECREATION**

203 Governor Street  
Richmond, Virginia 23219-2010  
(804) 786-1712  
July 21, 2010

Mr. Walter J. Kucharski  
Auditor of Public Accounts  
P.O. Box 1295  
Richmond, Virginia 23218

Dear Mr. Kucharski:

The Department of Conservation & Recreation (DCR) appreciates the time and effort the Auditor of Public Accounts (APA) staff spent reviewing the financial records of fiscal years 2008 and 2009 and concluding that DCR properly recorded and reported all transactions, in all material respects, in the Commonwealth Accounting and Reporting System. We also recognize the internal control and noncompliance instances noted in the report and the need for corrective action.

I would like to take the opportunity to document the action we have already taken regarding these noncompliance instances and those planned in response to these findings:

**Audit Finding: Continue to Improve Information Technology Security Programs**

*Concur.* The Department realizes work is still needed in this area. The biggest step forward towards making improvements in this area was the hiring of an agency IT Manager in July 2009. The agency had been without an IT Manager since VITA absorbed agency IT staff in 2005. Significant improvements in the agency IT functions have been made since the hiring of the IT Manager. It isn't that the Department failed to take any action towards addressing this audit finding; it was simply a matter of priority. Since the latter part of 2008, focus for the agency has been on completing IT transformation with VITA / Northrop-Grumman, a directive to state agencies from Governor Kaine's Chief of Staff. The Department fully completed IT transformation in June 2010 and can now devote full attention to correcting the issues of this audit point.

Mr. Walter J. Kucharski  
July 21, 2010  
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**Audit Finding: Properly Complete Employment Verification Forms**

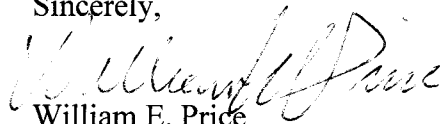
*Concur.* The Department realizes improvement is still needed in this area. To put this into some perspective, each year the Department hires between 800-1000 wage employees as seasonal workers for our state parks summer operating season. Hiring authority is delegated to each of the 35 state parks located throughout the Commonwealth. Responsibility for ensuring all hiring forms are properly completed, including I-9s, is performed by non-Human Resource (HR), park staff. The bulk of the hiring of seasonal staff is completed by mid-June of each year.

Since the previous finding on this same audit point, HR staff reviewed over 2500 past and present employee folders identifying I-9 forms with errors. Action was taken to correct those forms that could be corrected. However, many of the forms could not be corrected simply because there is no way to correct a missed deadline for an employee or supervisor signing the form. We concluded this was primarily a training issue for the park staff that have responsibility for ensuring these forms are properly completed. An extensive training package was developed by Department HR staff in the fall of 2008 in collaboration with park management. Training material was put on CDs and distributed to state park personnel who had been specifically designated with oversight responsibility for I-9s at each park. Conference calls were conducted as needed to clarify training points. Training was completed by April 2009, prior to the start of the next park operating season. The reason for this explanation is to point out that all but one of the errors identified in this audit finding were prior to the completion of the extensive training for park staff.

The Department HR staff plans on additional concentrated training with state park staff prior to the hiring of seasonal staff which begins in March 2011. As a result of this training, the Department anticipates the number of future errors related to I-9s will be significantly reduced.

I would also like to thank you for the professionalism of your audit staff and the thoroughness of their work.

Sincerely,



William E. Price

Deputy Director for Administration & Finance

AGENCY OFFICIALS  
(As of June 30, 2009)

DEPARTMENT OF CONSERVATION AND RECREATION

David A. Johnson  
Director

Tim Bishton  
Director of Finance

Eric Surratt  
Internal Auditor

CHIPPOKES PLANTATION FARM FOUNDATION

Linda A. Guntharp  
Executive Manager

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